

Iowa Tax Reform Guidance: Iowa Section 179 Expensing

Special Election

Beginning in tax year 2018 certain eligible taxpayers have the option to make a special election to avoid losing the ability to deduct section 179 amounts allocated from any passthrough(s) in excess of the taxpayer's applicable Iowa dollar limitation. Eligible taxpayers making the special election must claim the section 179 deduction received from the passthrough(s) up to the applicable Iowa dollar limitation. They may then divide the total excess deduction received from the passthrough(s) by 5, and claim one-fifth (0.20) of the excess deduction in each of the next five years, subject to the business income limitation. An eligible taxpayer who makes the special election may not claim an Iowa section 179 deduction for any property that taxpayer placed in service themselves during the tax year in which the special election is made, even if the eligible taxpayer was able to claim a federal section 179 deduction for that property. The eligible taxpayer must instead depreciate the full value of such property under section 168 of the Internal Revenue Code, without regard to bonus depreciation under section 168(k).

The special election is only available for certain tax years, and is not available to every taxpayer in each of those years. See the tax year-specific information below for more information about which taxpayers are eligible to claim the special election, and in which tax years.

The IA 4562A&B provide for the necessary adjustments to account for the special election.

- 2018: For tax years beginning on or after January 1, 2018, and before January 1, 2019, the special election is available only to individuals and entities that file as partnerships for both federal and Iowa purposes (generally including partnerships and LLCs, but does not include S-Corps or financial institutions subject to the Iowa franchise tax).
- 2019: For tax years beginning on or after January 1, 2019, and before January 1, 2020, the special election is available to all individuals, corporations, and other entities filing an Iowa income or franchise tax return.
- 2020 and later: For tax years beginning on or after January 1, 2020, there is no special election for new section 179 property placed in service. However, Iowa taxpayers may still have a carryforward from a special election made in 2018 or 2019.

More Information

For more information about section 179 expensing deductions, including information on Iowa limitations and the special election, see Iowa Administrative Code Rules 701—40.65 (Individuals), 701—53.23 (Corporations), and 701—59.24 (Financial Institutions).

Limitations Prior to 2015

**Mission Statement:**

The mission of the Iowa Department of Revenue is to serve Iowans and support state government by collecting all taxes required by law, but no more.

Iowa Department of Revenue Internship Program

JOIN OUR TEAM

Serve the people of Iowa and get real experience

The Department's Compliance Bureau is seeking interns to assist individuals and businesses understand and meet their tax obligations. A typical day for an intern can include any of the following:

- Examine tax returns and related documents to determine the completeness, accuracy, and compliance with specific tax laws and regulations
- Correspond with taxpayers and field staff to address discrepancies or incomplete items
- Compute tax, interest, and penalties on current and delinquent accounts
- Consult with taxpayers; respond to questions and explain applicable rules and regulations
- Issue billing request notices, refund requests, liens, and releases from tax liability obligations
- Identify individuals who are delinquent on submitting tax returns and payments
- Learn more about the various roles in the Department's Tax Management Division, which includes Compliance Bureau, Operations Bureau, and Collections Bureau

Pay: \$16.50/hour

Hours: Part-time during semester approximately 12-16 hours per week. Full-time during summer or semester break approximately 40 hours per week. Summer start date is May 14, 2021.

Location: Interns will train for two weeks (80 hours) at the Hoover State Office Building, located on the State Capitol Complex in Des Moines. Following the training period, remote work is available under direction of a Supervisor.

"Interning at IDR was a great experience. The Department has a wonderful work environment and great people. I got to work on projects that not only leverage my strengths but also helped me to enhance capabilities required to progress in my career"

Ali Kalawadh, Iowa State University
Master of Business Administration and Masters of Finance and Certificate of Analytics
Manama, Bahrain



Vianka Damos Rosales

**Iowa State University, Majoring in Finance & International Business
Minneapolis, MN**

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ABOUT THE DEPARTMENT

The mission of the Iowa Department of Revenue is to serve Iowans and support state government by collecting all taxes required by law, but no more.

- The Department administers 21 different taxes and fees
- Processed and deposited \$10.8 billion into various funds for State and local government operations. Paid \$1.13 billion in refunds, resulting in net deposits of \$9.67 billion (FY20)
- Processed 2.7 million tax returns (FY20)
- 287 full-time employees, including 13 employees in the Cedar Rapids field office.
- Annual budget is \$50 million
- Customer base, by its very nature, is one of the largest of Iowa's state government agencies
- Works with all levels of state, local, and federal governments, including the general assembly
- Collect debt for select areas of state government. Debt collections exceeded \$199 million (FY20)
- The Research and Policy Division is led by the State's Chief Economist
 - The research staff provides fiscal estimates, data analysis, and economic forecasts to the legislature, executive branch officials, and the Revenue Estimating Conference
 - Policy Directors lead the development and changes to rules and guidance. They also provide counsel to the Director including declaratory orders and tax protest decisions.
- There were a total of 6.2 million unique pageviews to the Department's website (tax.iowa.gov) in 2020.
- The Department is updating its outdated IT systems with a modernized taxpayer portal, which will allow individuals and businesses to more easily file and pay all their taxes, obtain permits, and check on their refund. Iowa is investing more than \$100 million in the system.
- The Department is bolstering its data analytics team, which will use data in new ways to improve performance across the entire Department.

HOW TO APPLY

Applying is easy!

- Email your resume to the Department's Human Resources Office at robyn.renz@iowa.gov
- Indicate whether you are interested in a part-time internship (during the semester) or a full-time internship (during the summer or semester break)
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- » Internship application periods:
 - » **Summer:** February 15 - March 1
 - » **Fall:** April 15 - May 30
 - » **Spring:** September 15 - October 30